

Minutes of the meeting of the Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System held Tuesday, July 17, 2012 at the hour of 10:00 A.M., at 1900 West Polk Street, in the Second Floor Conference Room, Chicago, Illinois.

**I. Attendance/Call to Order**

Chairman Muñoz called the meeting to order.

Present: Chairman Luis Muñoz, MD, MPH and Director Heather O'Donnell, JD, LLM (2)

Director Edward Michael

Absent: None (0)

Additional attendees and/or presenters were:

Cathy Bodnar – System Chief Compliance Officer

John Cookinham – System Chief Financial Officer

Pat Hagan – McGladrey & Pullen, LLP

Tim Heinrich – McGladrey & Pullen, LLP

Pat Kitchen – McGladrey & Pullen, LLP

Dorothy Loving – Executive Director of Finance

Deborah Santana – Secretary to the Board

Thomas Schroeder – System Director of Internal Audit

**II. Public Speakers**

Chairman Muñoz asked the Secretary to call upon the registered speakers.

The Secretary responded that there were none.

**III. \*\*Report from System Corporate Compliance Officer (Attachment #1)**

**A. Activity Report**

Cathy Bodnar, System Corporate Compliance Officer, presented information regarding the following subjects for the 1<sup>st</sup> and 2<sup>nd</sup> Quarter FY2012 Corporate Compliance Status Report: Compliance Issue Count; Issue Count by Category; Fiscal Year Comparison; Status Report of Issues; and Compliance Work Plan (Proactive). Additionally, she provided information regarding departmental staffing. The Committee reviewed and discussed the information.

**IV. \*\*Report from System Director of Internal Audit (Attachment #2)**

**A. Activity Report**

Tom Schroeder, System Director of Internal Audit, provided an update on the 2012 Internal Audit Plan. The Committee reviewed and discussed the information.

**V. Action Items**

**A. Minutes of the Audit and Compliance Committee Meeting, March 6, 2012**

Director O'Donnell, seconded by Chairman Muñoz, moved to accept the minutes of the Audit and Compliance Committee Meeting of March 6, 2012. THE MOTION CARRIED UNANIMOUSLY.

**B. \*\*CCHHS Financial Statements, for the year ended November 30, 2011; and the CCHHS Management Letter, for the year ended November 30, 2011 (Attachment #3)**

The following representatives from McGladrey & Pullen, LLP, provided an overview of the CCHHS Financial Statements and Management Letter, for the year ended November 30, 2011: Pat Kitchen, Partner; Tim Heinrichs, Director; and Pat Hagen, National Managing Partner – State and Local Government. The Committee reviewed and discussed the information.

The Committee discussed the following subjects: inventory control system, as referenced in the management letter and response; whether Hektoen grants are incorporated in the System's totals; and status of the overall County audit. Additional information was provided regarding CCHHS Management Letter Responses (Attachment #4) by John Cookinham, System Chief Financial Officer.

With regard to the Committee's discussion of the question of whether Hektoen grants are incorporated in the System's financials, Dorothy Loving, Executive Director of Finance, provided information. She stated that Hektoen's numbers are not incorporated into the System's financials. Hektoen is a 501(c)3 tax-exempt organization; each year, the System receives a copy of Hektoen's annual filing of Form 990 with the Internal Revenue Service (Form 990 is the Return from Organization Exempt from Income Tax), which is given to the County's auditors for their information and records.

In his review of the status of the overall County audit, Mr. Hagen noted that the County's Comprehensive Annual Financial Report (CAFR) was issued and dated by May 31<sup>st</sup>; this is the first time in ten (10) years that this has been accomplished. Additionally, during his review, he provided information on Governmental Accounting Standards Board (GASB) Statement 68, which was recently released. He stated that this could have a significant effect on the County and the System, because it will require pension liabilities to be recorded on the books. Right now, pension liabilities are disclosed; however, they would have to be recorded, probably beginning in FY2013.

Mr. Hagen indicated that the County Board's Audit Committee will be reviewing the CAFR at a meeting scheduled for Monday, July 23<sup>rd</sup>; representatives from McGladrey & Pullen, LLP will report on the overall CAFR and will be available to take any questions from the Audit Committee as to any of the components.

**C. Any items listed under Sections V and VI**

**VI. Closed Session Items**

- A. \*\*Report from System Corporate Compliance Officer**
- B. \*\*Report from System Director of Internal Audit**
- C. \*\*CCHHS Financial Statements, for the year ended November 30, 2011; and the CCHHS Management Letter for the year ended November 30, 2011**
- D. Discussion of Personnel Matters**

Director O'Donnell, seconded by Chairman Muñoz, moved to recess the regular session and convene into closed session, pursuant to the following exceptions to the Illinois Open Meetings Act: 5 ILCS 120/2(c)(1), regarding "the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity," and 5 ILCS 120/2(c)(28), regarding "meetings between internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America." THE MOTION CARRIED UNANIMOUSLY.

Chairman Muñoz declared that the closed session was adjourned. The Committee reconvened into regular session.

**VII. Adjourn**

As the agenda was exhausted, Chairman Muñoz declared the meeting ADJOURNED.

Respectfully submitted,  
Audit and Compliance Committee of the  
Board of Directors of the  
Cook County Health and Hospitals System

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Luis Muñoz, MD, MPH, Chairman

Attest:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
Deborah Santana, Secretary

Cook County Health and Hospitals System  
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ATTACHMENT #1

# Corporate Compliance Report

Cathy Bodnar, MS, RN, CHC  
Chief Compliance Officer

July 17, 2012



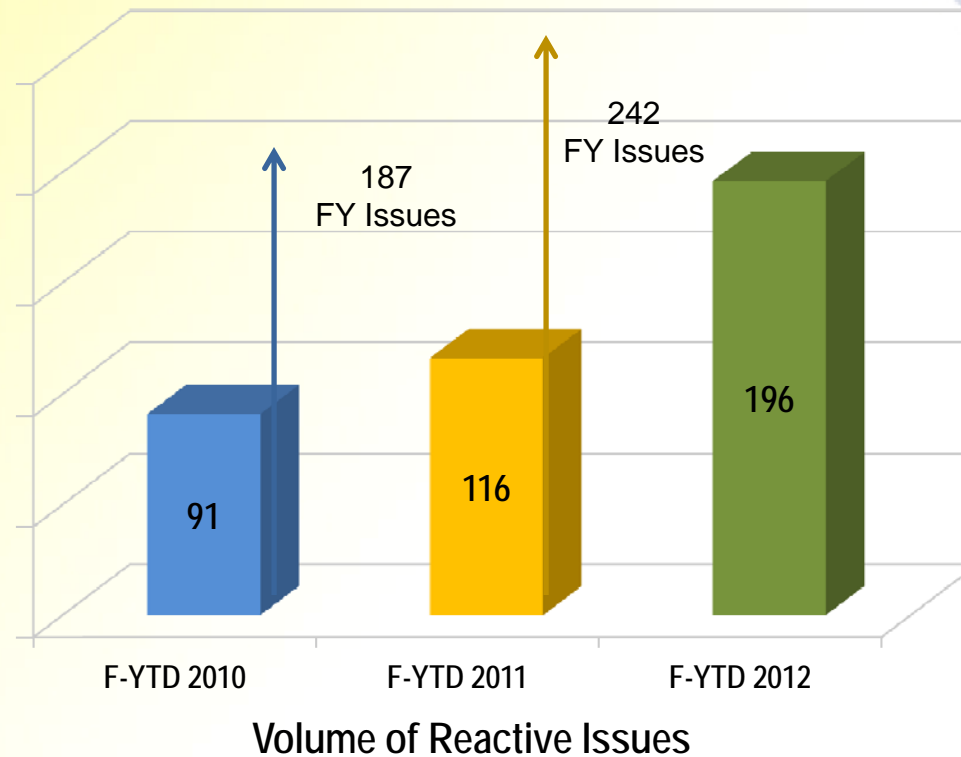
# Objectives

- To file the 1<sup>st</sup> & 2<sup>nd</sup> Quarter FY 2012 Corporate Compliance Status Report for
  - Reactive Issues
  - Proactive Work Plan
- To highlight recent staffing activity.



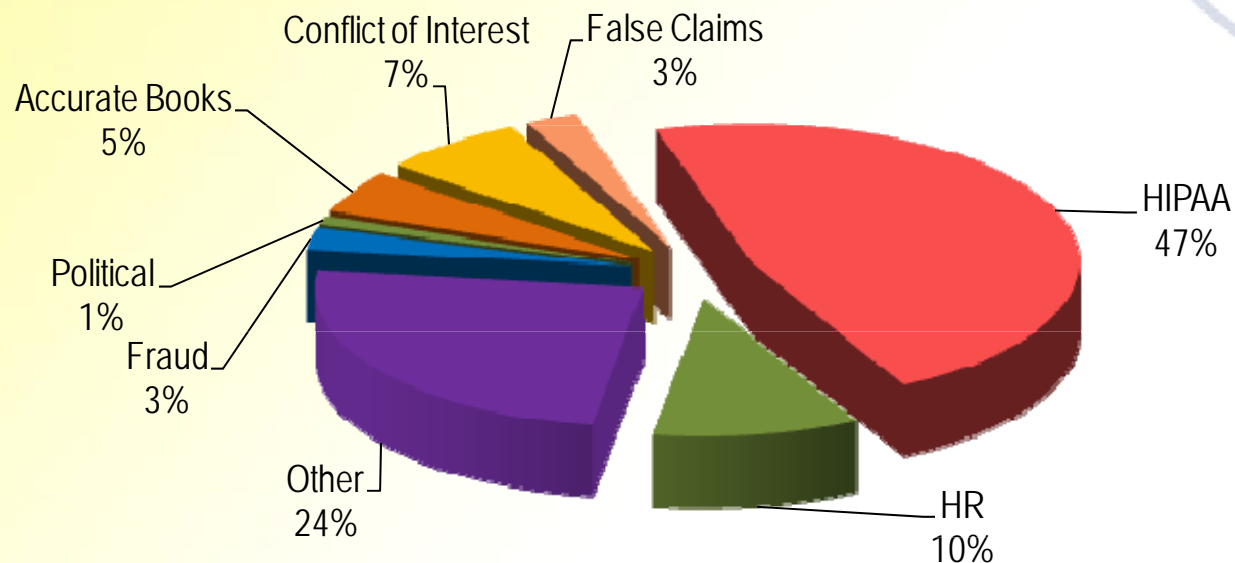
# Compliance Issue Count

1<sup>st</sup> & 2<sup>nd</sup> Quarter 2012



# Issue Count by Category

196 Issues Opened in 1<sup>st</sup> & 2<sup>nd</sup> Quarter 2012



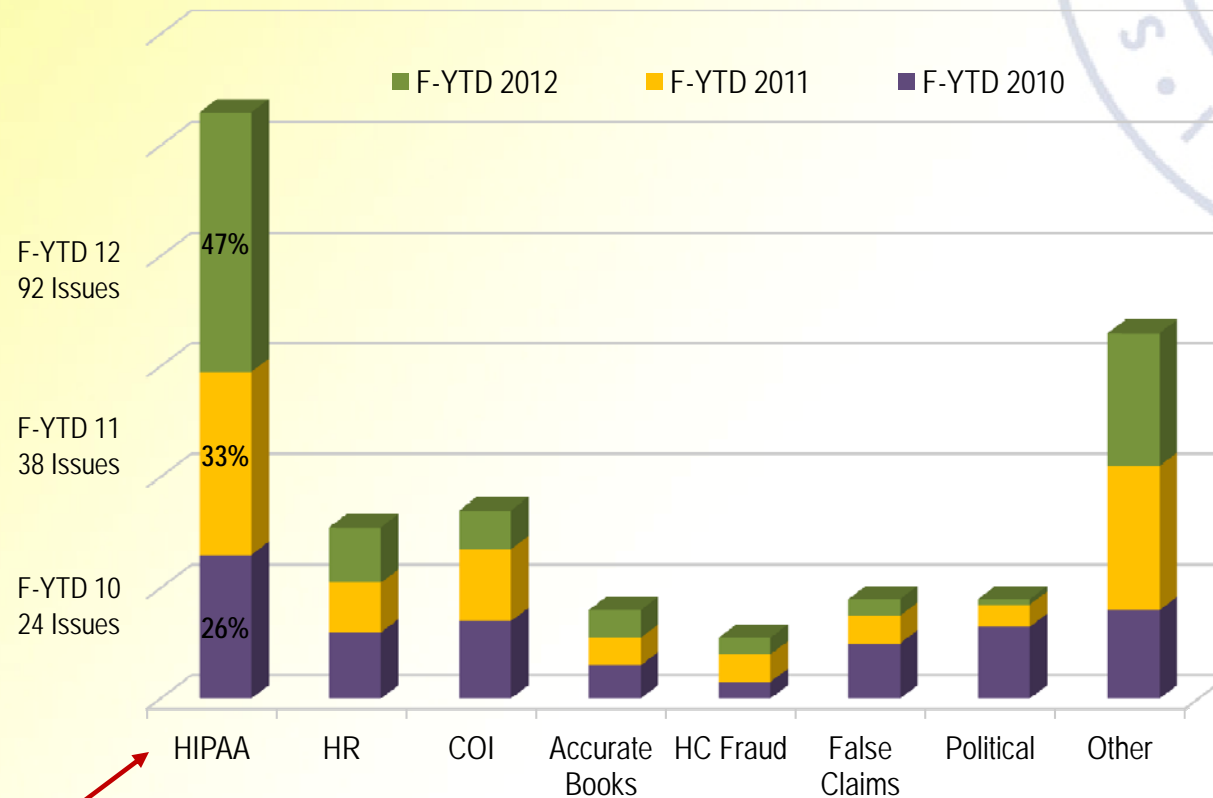
## Actual Counts

Privacy (HIPAA)	92	Accurate Books	10	Political Activity	2
Human Resources	20	HC Fraud	5	Research	1
Conflict of Interest	14	False Claims	5	Other	47





# Fiscal Year Comparison

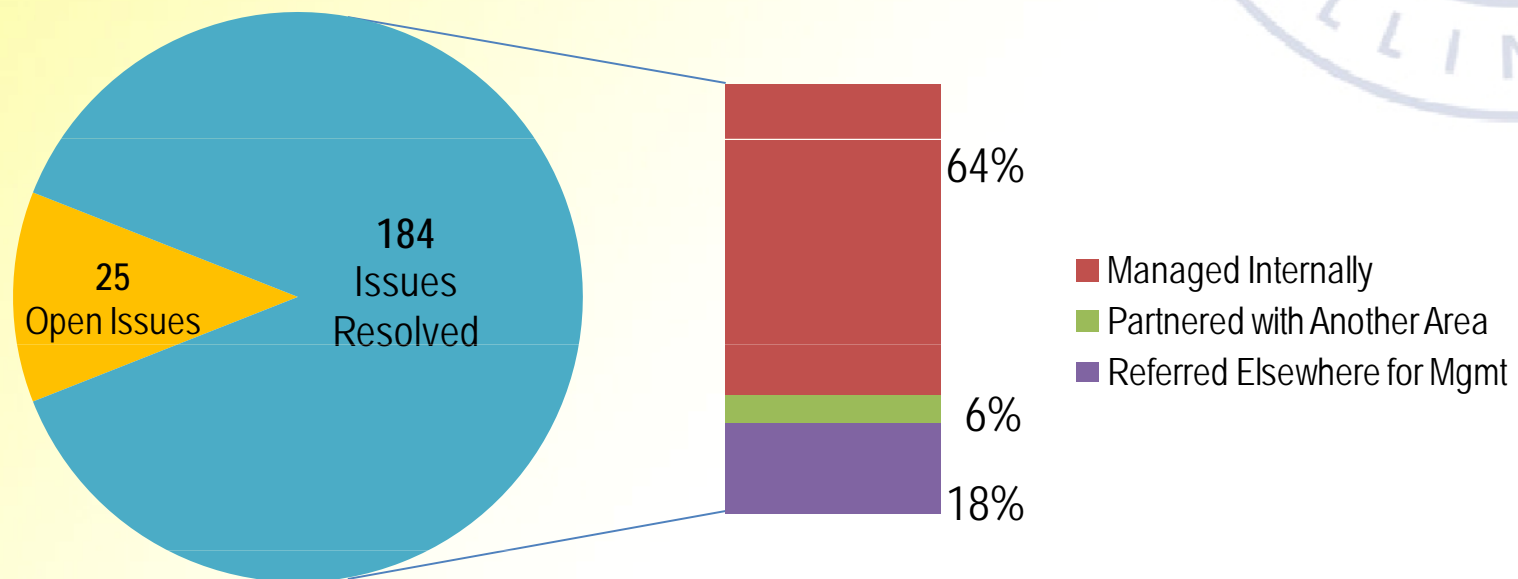


Patient Privacy, Confidentiality and Security are consistently our top issues.



# Status Report of Issues

In addition to the 196 new issues brought forth in the first 6-months of FY 2012, 13 issues remained open at the outset (carryover from the prior FY).



209 active issues were addressed; of those, 184 or 88% were resolved.

Of the 184 resolved issues, 18% or 38 issues were referred outside of Corporate Compliance.





# Questions?

# Compliance Work Plan (Proactive)

## FY 2012 Goals

- 1) Continue to serve as a resource to all our patients, our staff, and the public at large.
- 2) Continue to investigate all complaints brought to the attention of the Program.
- 3) Continue to develop policies to promote compliance.
- 4) Implement solutions aimed at identifying and resolving preventable risks.
- 5) Deploy system-wide annual compliance education using an Electronic Learning Management System.



# Compliance Work Plan (Proactive)

## FY 2012 Goals (continued)



- 6) Continue to perform proactive auditing and monitoring for healthcare services, in both professional and facility/technical areas, patient privacy and confidentiality, and policy compliance.
- 7) Implement System record retention policy and procedure.

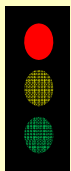


# Compliance Work Plan (Proactive)

## FY 2012 Goals (continued)



- 6) Continue to perform proactive auditing and monitoring for healthcare services, in both professional and facility/technical areas, patient privacy and confidentiality, and policy compliance.
- 7) Implement System record retention policy and procedure.



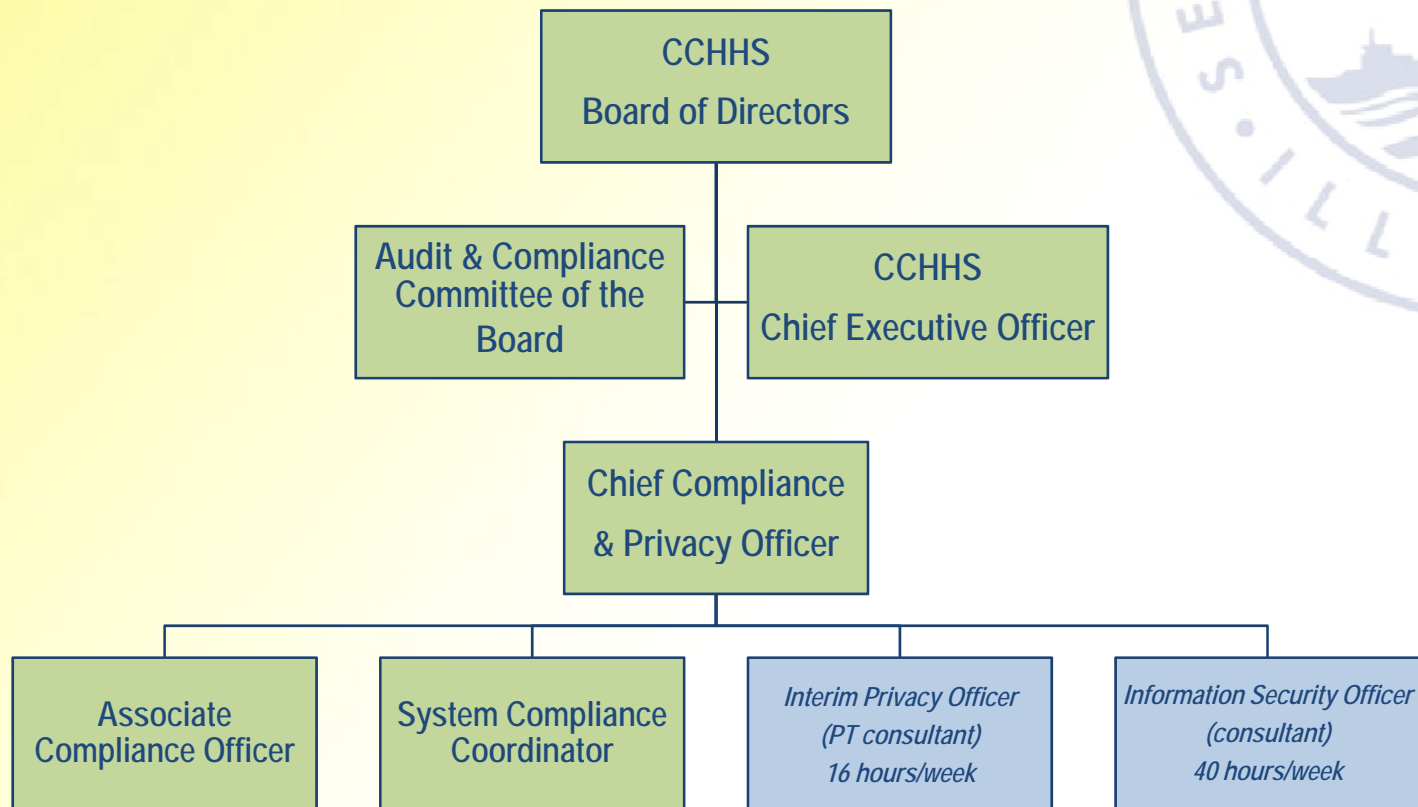
- 8) Publish and distribute an updated Standards of Conduct.
- 9) Deploy system-wide conflict of interest data collection tool for annual attestation and reporting changes throughout the year.





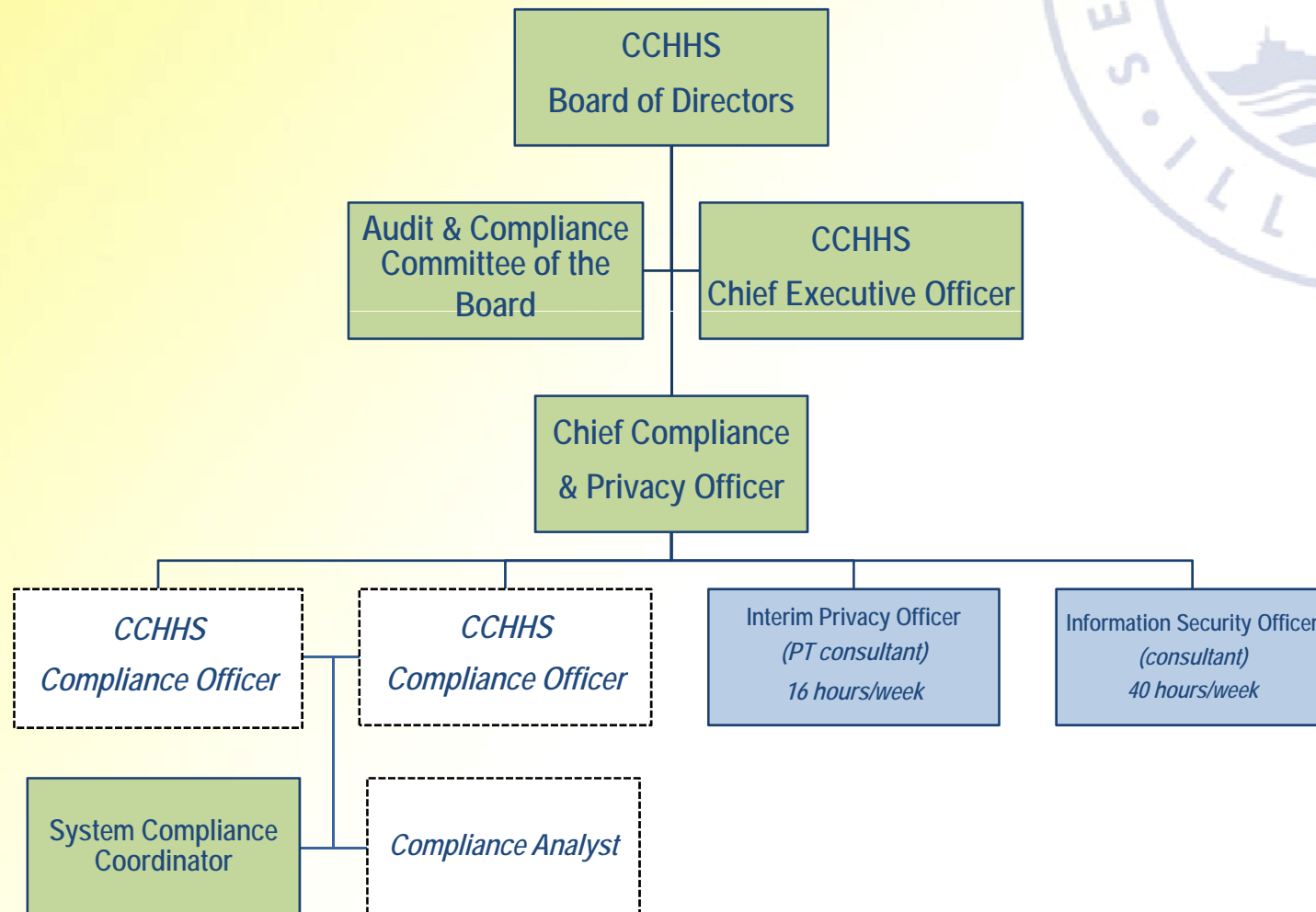
# Questions?

# Current Departmental Staffing





# Future State Staffing



# Cook County Health & Hospitals System



**COOK COUNTY HEALTH  
& HOSPITALS SYSTEM**  
**CCHHS**

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ATTACHMENT #2



# Internal Audit Report

July 17, 2012

**CCHHS**

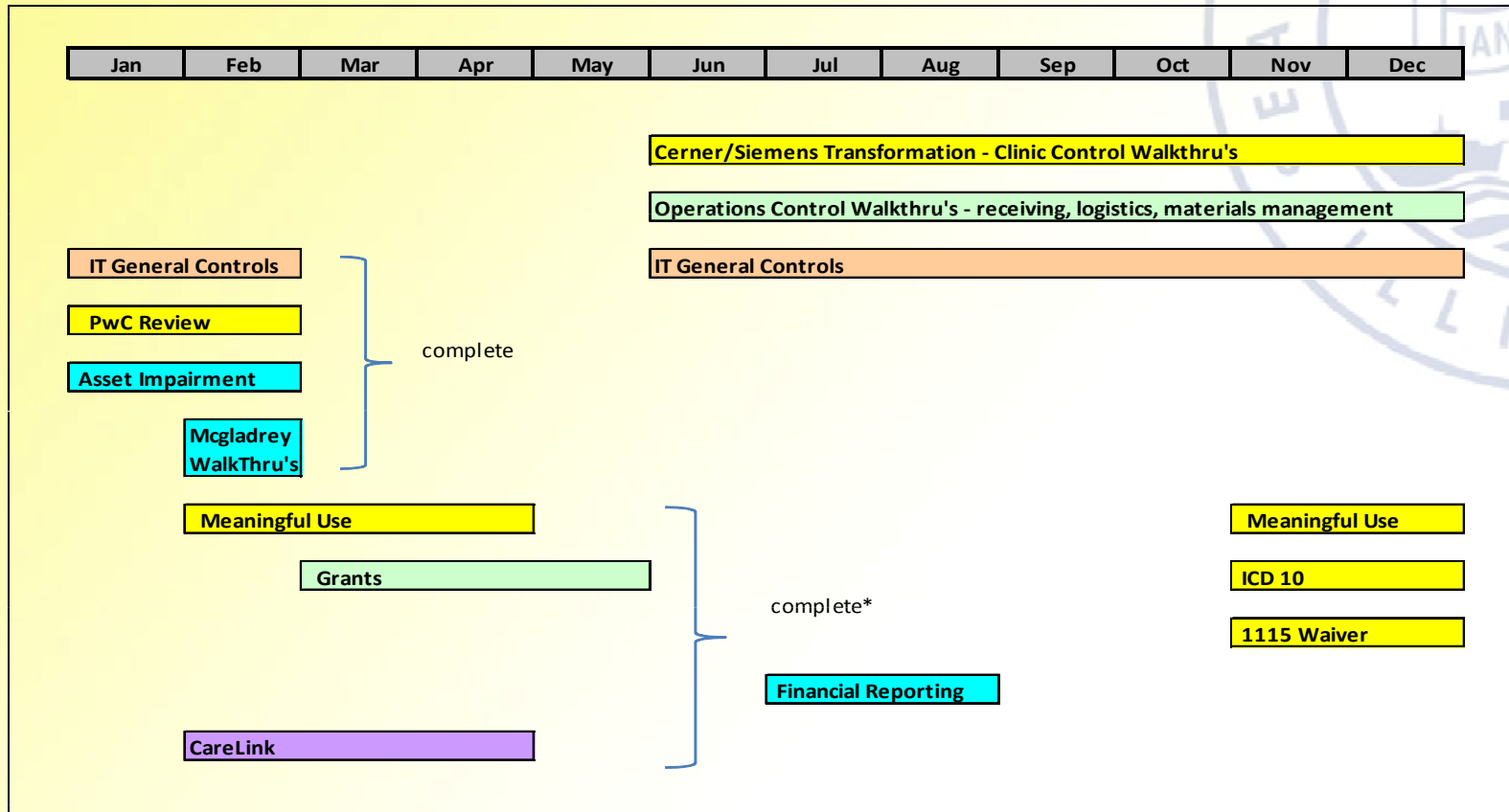


## Objective

- > To review 2012 Internal Audit Plan
- > Closed Session

# Cook County Health & Hospitals System

## 2012 Internal Audit Plan



\* Grants complete except for Hektoen.

Primary Functional Areas:	
	Cross functional - two or more functions; revenue cycle, IT, clinical, ops
	IT
	Operations
	Finance
	Revenue Cycle

**CCHHS**

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ATTACHMENT #3

(electronically attached)

Cook County Health and Hospitals System  
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ATTACHMENT #4



# COOK COUNTY HEALTH & HOSPITALS SYSTEM

**Toni Preckwinkle** • President  
Cook County Board of Commissioners

**Warren L. Batts** • Chairman  
Cook County Health & Hospitals System

**Jorge Ramirez** • Vice-Chairman  
Cook County Health & Hospitals System

**Ram Raju MD, MBA, FACS, FACHE** • CEO  
Cook County Health & Hospitals System



## CCHHS

System Finance

### Health & Hospitals System Board Members

Dr. David A. Ansell  
Commissioner Jerry Butler  
David N. Carvalho  
Quin R. Golden  
Benn Greenspan  
Sr. Sheila Lyne  
Dr. Luis R. Muñoz  
Heather E. O'Donnell  
Ruth M. Rothstein

Date: July 17, 2012

To: Patrick J. Kitchen, CPA  
McGladrey & Pullen, LLP

From: John Cookinham  
System Chief Financial Officer

RE: CCHHS MANAGEMENT LETTER RESPONSES:

#### INVENTORY CONTROL SYSTEM:

CCHHS has used the inventory control system as provided by JD Edwards since the system was brought up, and annually reconciles to inventory balances at fiscal year end. CCHHS agrees that we need to develop more meaningful and timely perpetual inventory records, and therefore concurs with the Auditor recommendation. CCHHS is working to develop and implement a inventory control system that will enable management to closely monitor inventory levels and to provide for better planning production and control records.

#### CAPITAL ASSETS:

We concur with the audit recommendation to work closely with Cook County in developing policies and procedures on capital assets disposals, acquisitions and inventory of assets.

#### COUNTY RELATED ACCOUNTS, TRANSACTIONS AND RECONCILIATIONS:

We concur that going forward we will work closely with Cook County in developing procedures on formulating timely and accurate entries on all transactions relative to County and CCHHS financials.

1900 West Polk Street • Suite 154 • Chicago, Illinois 60612

• Ambulatory & Community Health Network • Cermak Health Services • Cook County Department of Public Health •  
• John H. Stroger, Jr. Hospital • Oak Forest Health Center • Provident Hospital • Ruth M. Rothstein CORE Center •

We Bring Health CARE to Your Community